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TAGS: [PGOV](#) [PREL](#) [PP](#)
SUBJECT: GOVERNANCE BE DAMNED! ITS AN ELECTION YEAR

REF: A) 05PORT MORESBY 430 B) 05PORT MORESBY 370 C) 05PORT MORESBY 143

CLASSIFIED BY: Robert Fitts, Ambassador, AMB, STATE.
REASON: 1.4 (b), (d)

1.(C) SUMMARY: With just over a year to go to the next elections, Prime Minister Somare has sidelined the three most effective Cabinet Ministers, those that could be expected to resist irresponsible moves to pass out favors. Though disappointing, he follows precedent. Each election since independence 30 years ago has seen a sharp deterioration in government fiscal practices. To not mince words, the pork has hit the fan. Getting business done near an election is always hard. The silly season is just starting a little earlier. END SUMMARY.

2.(C) The PM's steps, announced April 3, were all in the wrong direction. The setback was alleviated only in that each of the capable ministers was kept in the cabinet, albeit in lesser portfolios.

3.(C) Finance Minister/Treasurer Bart Philemon was relegated to just Treasury. The internationally respected Philemon's tight grip at Finance had been primarily responsible for the decreased budget deficit that had been a much-claimed achievement of the Somare government. Compounding the loss, Philemon was replaced at Finance by Forestry Minister Pruaitch who has served as the government's chief bagman for the corrupt forestry industry.

4.(C) Intergovernment Relations Minister Peter Barter was moved to the Health Ministry. Barter had been notably working with Philemon to bring under control government outlays to the notoriously corrupt provincial governments. Former Health Minister Pep was moved into the Intergovernment slot. Pep's is mostly remembered for his insistence last year that he was just a politician and therefore could not be held responsible for the fact that the country's hospitals had run out of medicines while his ministry was still flush with cash.

5.(C) Internal Security Minister Kimisopa was switched to the less important Justice Ministry. Kimisopa was noticeably direct in admitting the faults and working to reform PNG's corrupt and ineffective Police (ref C). He was replaced by a political non-entity, who has made no mark in his Parliamentary career.

6(U) In making the announcement, Somare made few bones about his motives. He noted that the first four years of his government had seen improvements in cash flow, administered by Finance, but that he had campaigned on promises of major projects. "Now we have a sound basis for implementing policies, putting our money

in areas where it will have the best returns for us." Aptly put.

7.(C) COMMENT: Thus, Somare has freed himself from inconvenient checks on his ability to wheel and deal. Pruaitch, in addition to lucrative Forestry and influential Treasury posts, also will serve as Planning Minister and thus be in a position to move projects forward for the boss unhindered. Pep will hardly be a factor, certainly not even a speed bump in the PM's way.

8.(C) The single most pressing problem facing PNG is the almost total collapse of the police force. So it is doubly disappointing that the effective Kimisopa was pushed aside. The portfolio has little control over expenditure. But his focus likely discomfited Somare and his cronies for the same reasons they worked to scuttle a large-scale Australian package which threatened to dramatically improve police performance (ref B).

9.(C) All is hardly lost. These events just confirm that PNG's political institutions are still a long way from producing national leaders with incentives to work in their nation's interest (ref A). The fiscal balance will likely slip for a bit until the elections, particularly if commodity prices stumble. But, it is always harder to get serious business done near an election. It just seems that this year, in PNG, silly season starts early.

FITTS